

SOUTHERN MUTUAL HELP ASSOCIATION, Inc.

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PRESIDENT
LORNA BOURG

March 25th, 2004

Docket No. R-1181
Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20* Street and Constitution, NW
Washington D.C. 20551

Dear Ms. Johnson:

We are writing against the proposed change to rules governing the Community Reinvestment **Act** (CRA). In particular, we are opposed to changing the definition of a "small bank" from a bank with assets of 250 million dollars to a bank having assets **of** 500 million dollars. The proposed rule would adversely impact the rural communities in which we work by removing incentives for local, community banks to invest in the future prosperity and health of the communities that they serve.

Instead, we urge you to maintain the current "small bank" definition so that local, smaller banks are provided with the same incentives for community investment as larger banks. This is especially important for rural communities, since many larger national banks do not serve, and do not invest, in rural areas. In addition, we encourage federal bank and thrift agencies to institute a comprehensive predatory lending policy to protect the assets of all families, whether rural or urban. Banks should be provided with a disincentive to engage in predatory practices by insuring that abusive lending count against an institution's CRA rating.

Sincerely,


Lorna Bourg
Executive Director

